Federal Trade Commission Office of the Secretary Room H-135 (Annex W) 600 Pennsylvania Avenue, NW Washington, DC 20580

Re: Business Opportunity Rule, R511993



We are XanGo™ Independent Distributors. We have been Network Marketers for the almost three years, and our home-based business has become our primary source of income.

We began our new career after a combined 50-year career in corporate and higher education management, when my corporate division was eliminated after 30 years of service. Because my wife received no pension and mine was a whopping \$700 a month, we did extensive research to find out what business opportunities remained for folks in their mid-50's.

<u>Network Marketing was the single, affordable choice</u>. So, at 54, we decided to invest in ourselves and in a new professional career in order to work to achieve lasting financial security through the development of long-term residual income, an option which had not been available to us in the traditional business sector.

This is what we have learned about the Network Marketing Industry so far:

- Network Marketing is a serious profession, and like any legitimate career, it has a learning curve that requires considerable investment in both time and professional education. We also discovered through XanGoTM this industry is an extraordinary national resource committed to business education and self-development for any adult, whatever age, who wishes to avail themselves of the opportunity.
- Like 100s of other legitimate American Network Marketing companies, our company XanGo™ and its very experienced management team represent the highest standards of professionalism with a commitment to both quality products and ethical conduct.
- XanGo™ provides us with a <u>real</u> business opportunity to achieve longlasting residual monthly income, so that we will <u>not</u> have to be among the 98% of Americans who will need to depend on friends, family or the U.S. Government to have more than a subsistence-level retirement.
- Legal since 1979, Network Marketing has evolved as a <u>proven profession</u> for those who chose to treat it like a business, and develop the necessary self-discipline and skills for success. It is <u>not</u> a lottery, <u>not</u> a get-rich-quick scheme, <u>nor</u> is it an entitlement program where someone else is

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- going to build your business for you and make sure you don't fail. It requires lots of hard and effective work. It's American capitalism in its purest form. However, unlike traditional franchises or a small business, the <u>financial risk</u> in joining a <u>legitimate</u> Network Marketing company is truly <u>minimal</u>. XanGo^{TM'}s modest investment is \$35.
- Not everyone is cut out to be an Entrepreneur. In fact, just like the <u>small</u> <u>business world where only one in ten small business owners survive</u> after the first few years, <u>only one in ten usually makes it in Network</u> <u>Marketing</u>. But, as the industry has continued to mature over the last 50 years, increasing numbers of distributors are mastering how to earn residual income, financial support often <u>essential</u> to their families' lives.

The Proposed Rule R511993

We've read the entire Business Opportunity Rule, and we are <u>stunned</u> by the <u>excessive reach and impact</u> these proposed regulations will surely have <u>on the value of our XanGoTM business</u>, on our financial future, and on our ability to <u>share this extraordinary business model with potential American business</u> partners who need and are actively seeking a home-based business for income.

Like all Network Marketing professionals, we applaud the FTC's intention of attempting to prevent fraudulent scams that not only victimize the uneducated, but also <u>damage our industry's public image and our professional reputations</u>.

However, at this point, it appears Supreme Court Justice Louis D. Brandeis may well have been right when he wrote,

"The greatest danger to Liberty is the insidious encroachment by men of zeal, well-meaning but without understanding."

Regrettably, we believe Rule R511993, as it currently exists, may not only deprive us and millions of other Americans of the <u>Liberty</u> to pursue a Network Marketing career, but could also diminish or destroy the value of our current <u>business Property</u> – and all without <u>due process</u> of law.

Requiring a signed disclosure form and a 7-day waiting period to protect
a new XanGo distributor's \$35 investment only serves to <u>stigmatize our
profession</u> by creating an unnecessary burden of proof. This arbitrary,
ineffective rule will also delay a new distributor "getting started" when
their natural enthusiasm is highest. This rule undermines the momentum
critical to the success of any Network Marketing distributor's business,
while doing nothing to stop scam artists from manufacturing "proof."

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- Requiring litigation reporting without distinguishing between civil and criminal or between winning and losing lawsuits can have the effect of <u>further stigmatizing</u> anyone promoting a home business opportunity. It's plain un-American to lump everyone who has ever been touched by a lawsuit into one category, branding everyone with guilt-by-association.
- The requirement of 10 distributor references within an area is impractical and ignores the reality of 21st Century Network Marketing. To succeed today, our market <u>must</u> be national (and even international) − no longer limited to local friends and family. This requirement seems to mean that, if our Network Marketing Company is not already in an area, XanGo™ distributors can not go into that area − clearly a <u>restraint of trade</u>.

It also raises very serious <u>privacy</u> concerns as it would give any competitor posing as a prospect access to our business partners' private information. <u>The FTC requires no other industry to expose itself to possible wholesale theft from its competitors.</u> This regulation will not achieve its stated objective, preventing fraud. What could be easier for a scam artist than arranging for crooked colleagues to lie on their behalf?

- The earnings claim regulation would not significantly affect how <u>we</u> and our partners do our XanGo™ business. We do <u>not</u> make earnings claims. Instead, we only provide the Company-released average incomes by achievement level. We are each taught to work with a new distributor to create a business plan to help them achieve <u>their</u> financial objectives.
- As to the advantages many of the top earners have over the rest of us, we know of <u>no</u> major Network Marketing earner who hasn't put in their time and paid their professional dues in a challenging industry where <u>lasting residual income follows serious self-development</u>.
- The Rule's cancellations and refunds requirement of disclosing both the total number of purchasers of the business opportunity in the last two years and the total number of oral and written cancellations would produce a very misleading statistic, given the co-mingling of preferred wholesale Customers with Business Distributors. A high cancellation ratio is not reflective of satisfaction level with our Business Opportunity, because the vast majority of cancellations are from XanGo™ product users, customers who never had any interest in building a business. Again, a criminal would have no compunction about lying in this area.

Given the potentially devastating impact this Rule will have on us, and on one of the few growth industries in the U.S., we have begun to wonder what the FTC is actually trying to achieve? Nothing in the Rule will prevent fraud – it will only drive honest, hardworking Network Marketers out of the industry.

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We believe Education is the REAL key to preventing fraud. We believe the FTC's time and resources would be far better spent educating the public so they can make an informed decision based on knowing the difference between legitimate, ethical, Network Marketing Companies – and scams. FTC's website is a perfect example of a missed opportunity to educate. The entire page is dedicated to warning people about fraud – with no attempt to educate Americans on how to select a legitimate Network Marketing company or to acknowledge the 100s of legitimate companies in this industry and its millions of ethical distributors.

"Nothing is more powerful than an Idea whose time has come." Victor Hugo

We believe Network Marketing is the greatest business opportunity in our time and the last bastion of free enterprise for the <u>average</u> American. If the United States economy is to <u>survive</u> the accelerating onslaught of cheap foreign labor markets in the decades ahead – and there are plenty of economists, legislators and major U.S. think tanks wondering if it will – we Americans had better all get back to the Entrepreneurial roots upon which this unique country was founded, because it is Entrepreneurs – like us – who overwhelmingly create new jobs and businesses. Even the U.S. Government acknowledges that fact.

At a time when pensions are shrinking and disappearing, does the FTC want to take away the genuine hope for a better future for millions of its citizens? Does the FTC want to put the brakes on one of the few truly vital industries allowing millions of average adults – like us – to remain solvent, pay taxes, and be productive citizens of our democratic society for years to come?

Today, concerned citizens and American businesses alike acknowledge that the United States is in dire need of a <u>renaissance of self-reliance</u>, where individuals do not look to big business or to the Government for their economic security. Our $XanGo^{TM}$ experience of the last few years has clearly shown us there is no better opportunity for the average American to become <u>truly self-reliant</u> than by joining a legitimate Network Marketing Company and going to work for themselves, for their families, and for this great country.

Thank you for your time and attention.

